

Audit's® NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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INVESTMENT OUTLOOK AND STATISTICAL ISSUE

Investment outlook: Dividend payers hit new highs as realty markets firm.....	1
Block buying continues in REIT shares as investors chase book value.....	2
The Chase Trust exchange attractive statistically but no play on common.....	7
Graph of Audit Investment Index.....	2
Computerized Comparative Trust Group averages.....	3
Dividend trends: Hotel Investors' boost highlights quiet July declarations...	3
Comparative Trust Statistics for 131 realty trust shares.....	4&5
Statistics for 23 warrants and 43 convertibles.....	6
Statistics for 35 straight bond issues of trusts.....	3
How to use Comparative Trust Statistics.....	6

INVESTMENT OUTLOOK: DIVIDEND PAYERS HITTING NEW HIGHS AS REALTY MARKETS FIRM

In a month which saw the Dow-Jones Industrials sag a bit, a host of dividend paying trusts and those with near-term dividend prospects are moving to new 1977 highs. The moves were widespread, with equity and mortgage combination trusts up 6.5% for the month, short-term mortgage trusts with mortgage banker sponsorship up 8.3%, short-term with miscellaneous financial institutions, ahead 7.2%, and the independents up 6.6%. The commercial bank-sponsored group was down 6.1%, and long-term mortgage trusts were up by 5.9%.

The list of trusts making or nearing their 1977 highs is the roster of the strongest: Connecticut General on a good June earnings report; Hubbard Real Estate on leasing of two more vacant Grant stores; and Lomas & Nettleton Mtg. on belief it has coped with all conceivable problems. Among non-dividend payers, B.F. Saul REIT was a standout, touching a new high of 5 on good volume before falling back. On the Amex, investors pushed Realty Income Trust to a new high; RIT reported a loss for the April quarter, last of its fiscal year, but since the trust is matching all possible losses with a large capital gain in the year, investors are encouraged that the handsome yield will continue. Security Mortgage moved to a new high of $3\frac{1}{4}$ after reporting 6¢/sh. net in the June quarter; SMO has settled with Omega-Alpha, converting a questionable receivable into cash with only a modest loss, all reserved. U.S. Bancorp Mtg. & Realty and Investors Realty were also strong on the Amex. Walter Realty was strong over-the-counter as it sold six properties for its book value; it will leaseback five properties for one year in hopes it can earn a bonus payment by boosting cash flow. Summit Props. and First Fidelity were also up.

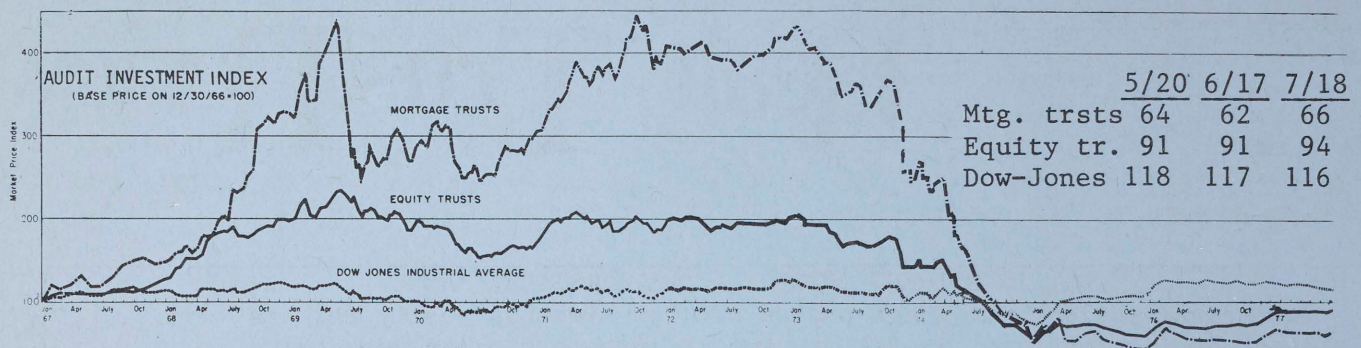
KEEPING CURRENT WITH OUR SISTER SERVICES

REAL ESTATE DISCLOSURE DIGEST's July 15 issue reports homebuilder fears for a drop in single family starts; Ryland Group's move out of Atlanta; the Los Angeles office market; Walter Realty's sale of six properties. Single copies: \$8 prepaid
DISCLOSURE REPORTS ON PROBLEM PROPERTIES' July 15 reports on Cont'l. Illinois Realty, Heitman Mtg. This is the last regular issue of this service. For special updating reports, call Mrs. Faye Kreisman, 212/661-1710.

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GROUP RATES ON REQUEST



Weaker price action carried a few trusts to 1977 lows, including Real Estate Investment Trust of America, whose recent earnings reports have been disappointing as new management comes in. American Century Mtg. and Chase Manhattan Trust (see p. 7) have also touched new lows.

BRIEFS: Colwell Mortgage has agreed with banks on a restructuring plan that includes a pre-planned Chapter XI bankruptcy filing sometime later this year....Texas First Mortgage is discussing merger or other combination with Southwest Mtg. & Realty, a smaller Houston-based trust....Vagabond Real Estate Equities will offer to exchange 1.17 new shares for each share of Vagabond Investment Properties (see RTR, June 10)...NJB Prime's lead bank has called its loan but the trust continues talking to stave off bankruptcy filing....The IRS has confirmed its January ruling that trust warrants issued before April 24, 1972 may expire without tax consequences (see RTR, Jan. 28).

Monthly tally of nonearning assets:

Group	Number	---Invested assets---		%	Month %
		Non-earning	Total	Non-earning	Change
Short-term mortgage....	59	\$6,597M	\$8,698M	76%	-1.8%
Inter. & long-term.....	27	1,645	3,758	44	-0.2
Equity & combination...	45	899	3,396	26	-0.9
TOTALS/AVERAGES...	131	\$9,141	\$15,856	58%	-1.4%

BLOCK BUYING CONTINUES IN REIT SHARES AS INVESTORS CHASE BOOK VALUE

More block buying is surfacing as sophisticated buyers go after REIT shares selling at big discounts from book value. Additional insider buying is being reported--and one effect is to forefend takeover attempts by outsiders. All this reinforces our June 24 advisory that bigger money is moving into the REIT industry than at any-time in the past three years.

And sooner or later, these new share owners are going to make their presence known as trustees and managers, reshaping many REITs from absentee-managed entities into owner-managed ones. This dramatic change is one reason we feel REIT shares have special interest at this time. Items:

--Robert W. Wilson, a private investor, acquired 150,000 shares of C.I. Realty, or about 5.7% of outstanding shares, at about 5-3/8. We have ranked the shares 2N, above average value.

--David A. Wolf, Robert M. Blatt and affiliates have now acquired 46,586 shares of First Fidelity Investment Trust, or 5.4% of shares, for an average \$3.22/sh. First Fidelity is a recovering equity trust that recently resumed dividends; we have ranked it No. 3, average. Wolf and Blatt headed a slate of seven alternate nominees for trustee at First Fidelity's April 29 annual meeting. They were defeated but received 37% of votes cast.

--Edward S. Abbott and Robert M. Pincus head two partnerships that have acquired over 100,000 shares, or about 6.6%, of Wisconsin Real Estate Investment Trust, at from \$2.25 to \$3.00/sh. Abbott attended the trust's July 7 annual meeting and crit-

(continued on page 7)

DIVIDEND TRENDS: HOTEL INVESTORS' BOOST HIGHLIGHTS QUIET JULY DECLARATIONS

The Hotel Investors was the only trust of the few reporting dividends in July which instituted any change from the previous quarter. But that was a 10¢ increase to 40¢ and 5¢ ahead of a year earlier. The 40¢ rate is Hotel's best since late 1974 when it was paying 52¢. The trust was able to increase its dividend under a loan restructuring agreement which permits payments within certain limitations from operating cash flow in excess of earnings. Having evolved into an equity/long-term trust, cash flow has become quite substantial in excess of earnings. With cash flow running at 42-46¢ the last two quarters, the 40¢ payout is covered beyond usual trust payouts where all earnings are paid out. All payers this month were equity or long-term mortgage trusts. These include Equitable Life Mortgage and ConnGen Mortgage & Realty which are both paying less than earnings implying yearend supplements as in prior years.

	Up	Same	Down	Total	%Change
July	1	8	0	9	+ 4%
Year	15	71	5	91	--
-----From previous year-----					
July	2	6	1	9	+ 2%
Year	38	45	8	91	--

Trust	Record date	--Dividend/share-- Latest	Previous	--Net Change-- Amt. Percent	Year Ago	% Change
Commonwealth Realty	7/18	\$0.20	\$0.20	-- NC	\$0.20	NC
Connecticut Gen. M&R	7/29	0.40	0.40	-- NC	0.40	NC
Consolidated Cap. Rlty	7/18	0.1684M	0.1684	-- NC	0.1667	+1
Denver REI	6/15	0.15	0.15	-- NC	0.15	NC
Equitable Life M&R	7/15	0.55	0.55	-- NC	0.50	+10
Hospital Mtg.	7/15	0.15	0.15	-- NC	0.15	NC
Hotel Investors	7/15	0.40	0.30	+\$0.10 +33	0.35	+14
New Plan Realty	7/15	0.08M	0.08	-- NC	0.075	+7
Northwest Mut. Lf. M&R	7/22	0.25	0.25	-- NC	0.25	NC
REIT of America	7/15	0.30	0.30	-- NC	0.35	-14
Riviere Realty	7/8	0.25	0.25	-- NC	0.25	NC
TOTALS (9 Trusts)b		\$2.65	\$2.55	+\$0.10 +4%	\$2.60	+2%

b- Excludes monthly and semiannual dividends. NC- No Change. M- Monthly.

COMPARATIVE TRUST GROUP AVERAGE 07/18/77

GROUP	N	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
EQUITY TRUSTS	20	2071	11.70	0.83	0.87	11.58	3.3	9.9	13.2	7.1	-1.0	7.5	600.0
EQUITY AND MORTGAGE COMBIN	23	1764	9.83	0.39	0.46	6.77	6.5	21.4	14.8	5.7	-31.1	4.7	275.0
SUBORDINATED LAND TRUSTS	3	2689	11.78	0.40	0.54	6.63	5.3	-10.2	12.2	6.0	-43.8	4.6	48.8
AVERAGE 3 EQUITY GROUPS	46	1957	10.77	0.57	0.64	8.85	4.6	12.8	13.7	6.5	-17.8	6.0	923.8
SHORT-TERM MTG-MTG BANKER	16	2017	8.81	0.32	0.40	4.91	8.3	2.2	12.2	6.5	-44.3	4.6	175.6
SHORT-TERM MTG-INDEPENDENT	18	3722	-0.78	0.00	0.08	1.13	6.6	-0.8	13.3	0.0	-243.0	-10.7	47.0
SHORT-TERM MTG-COMCL BANK	16	2214	1.50	0.00	0.38	1.94	-6.1	-2.6	5.2	0.0	29.1	25.0	62.2
SHORT-TERM-MISC FNCL	8	2381	5.01	0.02	0.02	2.80	7.2	-0.6	160.2	0.5	-44.1	0.3	43.5
AVERAGE 4 SHORT-TERM GROUPS	58	2650	3.29	0.09	0.24	2.62	4.7	0.4	10.8	3.5	-20.2	7.4	328.3
INTERMEDIATE-TERM MORTGAGE	6	3389	5.76	0.40	0.95	4.40	3.6	3.8	4.6	9.1	-23.7	16.5	56.7
LONG-TERM MTG & EQUITIES	21	3026	11.69	0.52	0.50	7.62	5.9	6.2	15.2	6.8	-34.8	4.3	645.9
AVERAGE LONG & INTERMEDIATE	27	3106	10.36	0.49	0.60	6.90	5.6	5.9	11.5	7.2	-33.4	5.8	702.6
OVERALL AVERAGE	131	2501	7.37	0.34	0.45	5.69	4.8	8.3	12.4	6.1	-22.8	6.2	1954.7

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Atico Mtg.-c#	NY	6.75%	'82	\$16.9	\$62.50	+ 6%	11%
BT Mtg. Inv.-c	OC	5.75	'82	20.0	56.00	0	10
Barnett Mtg.-c	OC	6.75	'91	17.3	21.00	0	32
Barnett Mtg.-cd	OC	8.50	'98	30.0	20.00	- 10	43
Barnett-Win.-ce	OC	8.25	'98	30.0	39.00	+ 5	21
Bay Colony Prop.-c	NY	8.50	'81	23.0	62.00	- 1	14
Chase Man. Tr.-a	NY	7.88	'78	50.0	93.81	+ 2	8
Chase Man. Tr.-c	NY	7.50	'83	60.0	70.75	+ 9	11
Cit.&So. Rlty.-c#	OC	6.75	'78	30.0	30.00	+ 3	23
Cit. Mtg. Inv.-b	OC	8.50	'80	20.0	31.00	+ 3	27
Colwell Mtg.-b	OC	8.20	'80	25.0	32.00	+ 16	26
Cont. Ill. Rl.-b	NY	7.63	'79	25.0	85.88	+ 5	9
Cousins M&E-c	NY	6.50	'82	30.0	37.25	- 2	17
First Mtg.-a	OC	6.75	'87	12.6	22.00	- 27	31
First Mtg.-b	OC	8.25	'77	23.5	50.00	- 4	17
First Mtg.-c	OC	8.75	'79	7.0	50.00	+ 16	18
First Newport-b	OC	8-12f	'80	5.0	44.00	+ 5	18
First Virg.-b	OC	4.00	'80	15.0	41.00	0	10
First Virg.-c	OC	7.55	'79	25.0	11.00	+ 10	VJ
Great Amer. Mgmt.-b	OC	8.75	'83	25.0	8.00	- 20	VJ
Great Amer. Mgmt.-c	OC	8.75	'83	25.0	22.00	0	34
Guardian Mtg.-b	OC	7.50	'79	25.0	22.00	0	34
Guardian Mtg.-c#	OC	6.75	'86	8.6	16.00	0	42

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
GMR Properties -c#	AS	7.70	'80	20.0	\$79.00	+ 16	10
IDS Realty-h	OC	--	--	179.8	26.00	0	NC
Insti. Inv.-b	NY	7.88	'80	\$20.0	72.00	+ 3%	11%
Justice Mtg.-b	OC	7.75	'79	9.6	31.00	- 6	25
LMI Investors-c	OC	6.75	'82	10.0	40.00	0	17
Midland Mtg.-b	NY	8.00	'80	18.5	62.63	+ 4	13
Mtg. Inv. Wash.-b	OC	8.50g	'80	15.0	50.00	0	17
NJB Prime Inv.-c#	OC	7.00	'80	12.9	20.00	- 13	35
Nationwide RE-c	OC	7.00	'91	6.5	66.00	+ 2	11
No. Amer. Mtg.-c	NY	5.50	'79	27.8	83.25	0	7
Saul (B.F.)-c	NY	8.50	'80	25.0	85.63	0	10
State Mut. Inv.-b	OC	9.00	'80	25.0	63.00	+ 5	14
Security Mtg.-#	AS	7.25	'82	50.0	81.88	+ 4	9
Security Mtg.-c#	OC	6.00	'82	17.1	65.00	+ 3	9
Tri-South Mtg.-b	OC	7.75	'80	25.0	39.00	- 13	20

Description: a-Senior; b-Senior subordinate; c-Subordinate or junior subordinate. d-Convertible at \$39 till 9/1/78 when price may be adjusted. e-Convertible at \$31 till 12/1/78 when price will be adjusted. f-Variable at 1½% over monthly prime. g-Variable rate at 1½% over prime in Oct. and April. h-Five series, A-E: 6-7/8, 7-1/8, 7-3/8, two variable; 1987-94. VJ-Bankruptcy reorganization. x-Suspended by exchange. #-May be used at par to exercise warrants.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL.\$)
EQUITY TRUSTS													
API TRUST #	O-APITS	1012	11.94	0.40	DEC	0.32	4.75	-5.0	26.7	14.8	8.4	-60.2	2.7 4.8
C I REALTY #	N-CIX	2609	16.97	0.00	MAY	0.08 ↓	6.13	4.3	32.4	76.6	0.0	-63.9	0.5 16.0
CITIZENS GR*	O-CITGS	811	8.01	0.00	OCT	0.00	0.50	-33.3	-60.0	0.0	0.0	-93.8	0.0 0.4
CON ILL PROP#	N-CIE	4808	20.96	1.28	JAN	1.28	16.50 X	0.4	0.0	12.9	7.8	-21.3	6.1 79.3
CONSO CAP R#	O-CCPLS	1989	19.21	2.02 ←	MAY	1.80 ↑	26.50 X	6.7	8.2	14.7	7.6	37.9	9.4 52.7
DENVER REI #	O-DENVIS	1091	8.39	0.60	MAR	0.00	8.63	0.0	27.9	0.0	7.0	2.9	0.0 9.4
FEDERAL RLTY	A-FRT	1357	9.66	1.24	MAR	1.20	14.88	5.3	13.3	12.4	8.3	54.0	12.4 20.2
FIRST UNION#	N-FUR	4149	8.48	1.00	APR	1.40	12.38 X	3.1	2.1	8.8	8.1	46.0	16.5 51.4
FLORIDA GLF#	O-FGLFS	975	15.49	1.28 ←	APR	1.40	12.25 X	-3.3	8.9	8.8	10.4	-20.9	9.0 11.9
FST FIDELTY#	O-FFITS	866	10.57	0.14	FEB	0.00	4.50	2.7	50.0	0.0	3.1	-57.4	0.0 3.9
GENERAL GRO#	N-GGP	6202	6.40	1.40	MAR	1.49	25.63 X	2.4	15.2	17.2	5.5	300.5	23.3 159.0
GOULD INVST#	A-GTR	1175	6.50	0.50	MAR	0.58	7.13	1.9	110.9	12.3	7.0	9.7	8.9 8.4
GREIT RLTY #	A-GRT	998	10.98	0.40 ←	JAN	1.00	6.75 X	16.5	8.0	6.8	5.9	-38.5	9.1 6.7
HUBBARD REI	N-HRE	4004	21.98	1.20	APR	1.40	17.75	6.0	12.7	12.7	6.8	-19.2	6.4 71.1
NEW PLAN RL	O-NPLNS	1690	2.56	0.96 ←	JAN	1.24	10.00 X	0.8	11.1	8.1	9.6	290.6	48.4 16.9
PENN REIT #	A-PEI	1516	12.03	1.15	FEB	1.20	14.63	7.3	4.5	12.2	7.9	21.6	10.0 22.2
REIT OF AMER	A-REI	1633	21.10	1.20 ←	MAY	1.25	14.50 X	4.7	-9.4	11.6	8.3	-31.3	5.9 23.7
SUMMIT PROP#	O-SMTTS	1543	7.00	0.00	APR	0.00	3.00	20.0	50.0	0.0	0.0	-57.1	0.0 4.6
WASH REIT #	A-WRE	1474	10.51	1.76	MAR	1.76	22.38	0.6	-5.8	12.7	7.9	112.9	16.7 33.0
WISC REIT #	O-WREIS	1514	5.32	0.00	MAR	0.09 ↓	2.88	-4.0	92.0	32.0	0.0	-45.9	1.7 4.4
GROUP AVERAGE		2071	11.70	0.83		0.87	11.58	3.3	9.9	13.2	7.1	-1.0	7.5 600.0
EQUITY AND MORTGAGE COMBINATION TRUSTS													
AMER REALTY	A-ARB	2222	2.73	0.00	MAR	0.00	1.25	42.0	98.4	0.0	0.0	-54.2	0.0 2.8
BANKAM RLTY	O-BRLTS	3547	15.27	0.52	APR	0.42	10.75	1.1	7.5	25.6	4.8	-29.6	2.8 38.1
BRT RLTY TR	A-BRT	1400	5.49	0.00	FEB	0.00	0.88	27.5	0.0	0.0	0.0	-84.0	0.0 1.2
FLATLEY RLTY	O-FLTLS	1000	6.78	0.00	MAR	0.00	2.75	-8.3	-8.3	0.0	0.0	-59.4	0.0 2.8
FRANKLIN RLY	A-FR	999	7.44	0.00	MAR	0.00	4.75	11.8	46.2	0.0	0.0	-36.2	0.0 4.7
HOTEL INVSTR#	A-HOT	1545	17.59	1.60 ↑	MAY	1.92 ↑	15.00 X	16.2	18.8	7.8	10.7	-14.7	10.9 23.2
INDIANA M&R#	A-91	1154	12.28	0.00	MAR	0.20	3.00	9.1	20.0	15.0	0.0	-75.6	1.6 3.5
INVESTOR RL#	A-IRT	1579	10.55	0.00	MAY	0.60 ↓	8.25	6.5	83.3	13.8	0.0	-21.8	5.7 13.0
JMB REALTY #	O-JMBRS	510	18.62	1.60	FEB	2.04	14.50	0.0	7.4	7.1	11.0	-22.1	11.0 7.4
LINCOLN MTC*	O-LNMGs	1155	1.71	0.00	MAR	0.00	0.88	39.7	100.0	0.0	0.0	-48.5	0.0 1.0
MILLER HEN S	O-HSMTS	560	16.83	0.60	MAY	0.64 ↑	10.00	11.1	33.3	15.6	6.0	-40.6	3.8 5.6
NJB PRIME	O-NJB	1280	-5.12	0.00	FEB	0.00	0.19	-38.7	-29.6	0.0	0.0	NEG.	0.0 0.2
PLAZA REALTY	O-PNE	1114	1.97	0.00	DEC	0.00	1.00	-11.5	0.0	0.0	0.0	-49.2	0.0 1.1
PROP TRUST #	O-PTRAS	2506	7.49	0.20	MAR	0.12	4.63	5.7	15.8	38.6	4.3	-38.2	1.6 11.6
RIVIERE RLY#	O-RIV16	783	8.80	1.00 ←	DEC	1.35	8.50 X	1.4	0.0	6.3	11.8	-3.4	15.3 6.7
RLTY INCOME	A-RIT	1565	12.70	1.40	APR	0.00	12.88	12.0	22.7	0.0	10.9	1.4	0.0 20.2
SAN FRAN RE#	A-SFI	1348	20.36	0.60	MAR	1.24	12.13	2.1	10.3	9.8	4.9	-40.4	6.1 16.4
SAUL (BF)REI	N-BFS	5845	6.34	0.00	MAR	0.00	4.75	30.9	15.0	0.0	0.0	-25.1	0.0 27.8
US BANCORP #	A-URT	840	16.43	0.00	MAY	0.19 ↑	9.75	9.8	21.9	51.3	0.0	-40.7	1.2 8.2
US REALTY #	N-UTY	3434	3.91	0.00	MAR	0.00	3.75	0.0	42.6	0.0	0.0	-4.1	0.0 12.9
VIRGINIA RE#	O-VARES	1251	10.19	0.40	MAR	0.60	8.25	0.0	26.9	13.8	4.8	-19.0	5.9 10.3
WALTER RLTY#	O-WALJS	1035	10.41	0.00	APR	0.00	4.75	-5.0	46.2	0.0	0.0	-54.4	0.0 4.9
WELLS FAR MI#	N-WFM	3911	17.35	1.00	MAR	1.20 ↑	13.13	4.0	36.3	10.9	7.6	-24.3	6.9 51.4
GROUP AVERAGE		1764	9.83	0.39		0.46	6.77	6.5	21.4	14.8	5.7	-31.1	4.7 275.0
SUBORDINATED LAND TRUSTS													
BAY COLONY P	N-BAY	2992	7.51	0.00	FEB	0.00	2.00	6.4	-44.9	0.0	0.0	-73.4	0.0 6.0
ICM REALTY	A-ICM	3011	14.17	0.00	MAY	0.43 ↓	6.25	13.6	-3.8	14.5	0.0	-55.9	3.0 18.8
PROPERTY CAP	A-PCL	2065	13.67	1.20	APR	1.20	11.63	1.1	-3.1	9.7	10.3	-14.9	8.8 24.0
GROUP AVERAGE		2689	11.78	0.40		0.54	6.63	5.3	-10.2	12.2	6.0	-43.8	4.6 48.8
SHORT-TERM MTC-MTG BANKER													
ATICO MTC INV	N-ACO	2706	6.28	0.00	APR	0.00	2.13	13.3	-14.8	0.0	0.0	-66.1	0.0 5.8
BAIRD & WARNR	O-BAIDS	1043	16.64	0.96	APR	0.00	7.25	7.4	7.4	0.0	13.2	-56.4	0.0 7.6
BARNES MTC I	O-BARNs	1910	12.64	0.00	MAR	0.00	2.50	11.1	17.4	0.0	0.0	-80.2	0.0 4.8
CENTRAL MTC	O-CMRTS	775	12.49	0.00	MAR	0.00	4.00	18.3	33.3	0.0	0.0	-68.0	0.0 3.1
COLWELL MTC	O-CIM	2030	-1.16	0.00	MAR	0.00	0.75	-14.8	-60.1	0.0	0.0	NEG.	0.0 1.5
FIRST CONTNL	O-FCRES	2106	10.27	0.88	MAY	0.88	7.63	-1.5	-7.5	8.7	11.5	-25.7	8.6 16.1
FRASER MTC I	O-FRASS	1038	16.40	1.00	FEB	0.96	10.25 X	2.4	10.8	10.7	9.8	-37.5	5.9 10.6
HEITMAN MTC	A-HTM	3292	3.20	0.00	MAR	0.00	1.25	10.6	-28.6	0.0	0.0	-60.9	0.0 4.1
JUSTICE MTC	N-JMI	1184	-0.83	0.00	MAR	2.58	0.50	0.0	-79.0	0.2	0.0	NEG.	-310.8 0.6
KMC MTC IN	O-KMTGS	1100	2.22	0.00	NOV	0.00	0.88	0.0	-22.1	0.0	0.0	-60.4	0.0 1.0
LOMAS & NTLN	N-LOM	3700	27.63	1.16	MAR	0.00	18.50	13.8	23.3	0.0	6.3	-33.0	0.0 68.5
M&T MTC INV	O-MTMIS	1482	10.25	1.04	MAY	1.08	10.13	6.6	11.0	9.4	10.3	-1.2	10.5 15.0
MIDLAND MTC	N-MMT	2382	1.30	0.00	MAR	0.00	1.25	10.6	-16.7	0.0	0.0	-3.8	0.0 3.0
NO AMER MTC	N-NAM	4403	11.08	0.00	MAR	0.00	3.50	-3.6	-28.3	0.0	0.0	-68.4	0.0 15.4
SUTRO MTC IN	N-SUT	2322	15.05	0.10	MAR	0.00	7.88	12.6	10.5	0.0	1.3	-47.6	0.0 18.3
TMC MTC INV	O-TMG	800	-2.45	0.00	MAR	0.95 ↓	0.19	-24.0	-24.0	0.2	0.0	NEG.	-38.8 0.2
GROUP AVERAGE		2017	8.81	0.32		0.40	4.91	8.3	2.2	12.2	6.5	-44.3	4.6 175.6

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION. ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY GAINS NOT ANNUALIZED.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
SHORT-TERM MTG-INDEPENDENT													
	BUILDERS INV	O-BULDS	2929	-2.77	0.00	MAR 0.00 ↓ 0.69	-21.6	81.6	0.0	0.0	NEG.	0.0	2.0
	CAPITAL MI	N-CMU	1675	0.02	0.00	MAR 0.00 0.81	-8.0	-35.2	0.0	0.0	3950.0	0.0	1.4
VJ	CONTINL MTG	O-CMI	20838	-3.47	0.00	DEC 0.92 0.09	28.6	200.0	0.1	0.0	NEG.	-26.5	1.9
VJ	DOMINION M&R	O-DMRTS	639	-7.40	0.00	FEB 0.00 0.19	-38.7	5.6	0.0	0.0	NEG.	0.0	0.1
VJ	FIDELITY MI	O-FID	3046	-18.59	0.00	JAN 0.12 0.31	0.0	24.0	2.6	0.0	NEG.	-0.6	0.9
	FIRST MTG IN	O-FMTGS	8495	-6.81	0.00	JAN 0.00 0.38	22.6	52.0	0.0	0.0	NEG.	0.0	3.2
VJ	GRT AMER M&I	O-GAA	4456	-13.10	0.00	JAN 0.00 0.25	-19.4	-19.4	0.0	0.0	NEG.	0.0	1.1
	GUARDIAN MI	O-GMI	3000	-11.15	0.00	MAY 0.31 ↑ 0.33	-13.2	-76.1	1.1	0.0	NEG.	-2.8	1.0
	HAMILTON INV	O-HAMTS	2095	5.65	0.00	MAR 0.00 1.38	38.0	-8.0	0.0	0.0	-75.6	0.0	2.9
	INSTITUTNAL	N-INV	6074	5.45	0.00	APR 0.00 1.63	18.1	-13.3	0.0	0.0	-70.1	0.0	9.9
	MISSION INV	A-MIT	1812	4.94	0.00	MAY 0.00 1.38	0.0	-15.3	0.0	0.0	-72.1	0.0	2.5
	MTG INV WASH	O-MINVS	2146	6.90	0.00	DEC 0.00 2.63	0.0	5.2	0.0	0.0	-61.9	0.0	5.6
	NATIONAL MTG	O-NMF	2353	-0.01	0.00	NOV 0.00 0.43	4.9	126.3	0.0	0.0	NEG.	0.0	1.0
	REPUBLIC MI	N-RMI	2107	5.20	0.00	MAR 0.00 1.75	7.4	-12.5	0.0	0.0	-66.3	0.0	3.7
	TEXAS FST MT	O-TFMRS	1055	8.10	0.00	MAR 0.17 2.88	28.0	15.2	16.9	0.0	-64.4	2.1	3.0
	TIERCO	O-GSR	1161	3.77	0.00	MAR 0.00 0.88	0.0	175.0	0.0	0.0	-76.7	0.0	1.0
	UMET TRUST	N-UAT	2109	2.28	0.00	MAY 0.00 1.38	0.0	-38.7	0.0	0.0	-39.5	0.0	2.9
	WESTERN MI	O-WMTGS	1002	6.82	0.00	MAY 0.00 2.88	9.5	76.7	0.0	0.0	-57.8	0.0	2.9
GROUP AVERAGE		3722	-0.78	0.00	0.08	1.13	6.6	-0.8	13.3	0.0	-243.0	-10.7	47.0
SHORT-TERM MTG-COMCL BANK													
	AMER FLETCHR	A-AFM	1352	-0.49	0.00	APR 0.00 0.94	6.8	-50.0	0.0	0.0	NEG.	0.0	1.3
	BARNETT MTG	O-BMT	2174	-8.05	0.00	MAR 0.00 0.38	0.0	-24.0	0.0	0.0	NEG.	0.0	0.8
	CAMERON-BRWN	N-CB	2016	8.37	0.00	MAR 0.00 1.88	0.0	7.4	0.0	0.0	-77.5	0.0	3.8
	CHASE MAN MT	N-CMR	4886	-12.98	0.00	FEB 0.00 2.13	0.0	-31.9	0.0	0.0	NEG.	0.0	10.4
	CITINATL DEV	O-CITI6	600	13.10	0.00	MAR 0.00 4.13	-2.8	43.4	0.0	0.0	-68.5	0.0	2.5
	CITIZENS MI	O-CZM	1421	-13.27	0.00	MAR 0.00 0.13	-48.0	-61.8	0.0	0.0	NEG.	0.0	0.2
	CITIZNS&SO RL	O-CZS	3829	-6.07	0.00	MAR 0.00 0.44	-83.3	-76.6	0.0	0.0	NEG.	0.0	1.7
	CONT ILL RLY	N-CIR	2797	0.12	0.00	MAR 0.00 2.00	-11.1	-11.1	0.0	0.0	1566.7	0.0	5.6
	FST COMMERCE	O-FCRNS	1008	11.94	0.00	MAR 0.00 5.00	-4.8	17.6	0.0	0.0	-58.1	0.0	5.0
	FST DENVR MI	O-FDENS	1621	1.06	0.00	MAR 5.13 2.25	50.0	200.0	0.4	0.0	112.3	484.0	3.6
	FST PENN MT	N-FPM	2961	7.05	0.00	APR 0.00 1.63	0.0	-40.7	0.0	0.0	-76.9	0.0	4.8
	FST WISCN MT	O-FWM	1910	5.76	0.00	MAR 0.00 2.06	-3.3	37.3	0.0	0.0	-64.2	0.0	3.9
	INDEPEND MTG	O-IMTGS	2500	-4.01	0.00	MAR 0.00 0.19	-24.0	-50.0	0.0	0.0	NEG.	0.0	0.5
	MARYLAND RLY	O-MDRTS	760	8.11	0.00	MAY 0.20 2.88	9.5	35.2	14.4	0.0	-64.5	2.5	2.2
	TRI-SOUTH MI	O-TSI	2260	2.66	0.00	JUN 0.69 ↑ 0.75	-50.0	-45.7	1.1	0.0	-71.8	25.9	1.7
	WACHOVIA RLY	N-WRI	3335	10.74	0.00	MAY 0.00 4.25	21.4	2.9	0.0	0.0	-60.4	0.0	14.2
GROUP AVERAGE		2214	1.50	0.00	0.38	1.94	-6.1	-2.6	5.2	0.0	29.1	25.0	62.2
SHORT-TERM-MISC FNCL													
	AMER CENTURY	N-ACT	2607	5.77	0.00	MAR 0.00 2.00	-6.1	-11.1	0.0	0.0	-65.3	0.0	5.2
	BENEF STD MI	N-BSM	1355	1.53	0.00	APR 0.00 2.00	-6.1	-6.1	0.0	0.0	30.7	0.0	2.7
	CI MTG GROUP	O-CI	4812	-0.60	0.00	APR 0.00 0.25	-43.2	-75.0	0.0	0.0	NEG.	0.0	1.2
	HANOVER SQ R	A-HSQ	946	10.85	0.00	MAY 0.02 4.63	5.7	-7.4	231.5	0.0	-57.3	0.2	4.4
	IDS RLY TR	N-IDR	2409	-16.94	0.00	APR 0.00 1.17	-17.0	85.7	0.0	0.0	NEG.	0.0	2.8
	LMI INVSTORS	O-LWN	2009	3.39	0.00	MAR 0.00 0.88	39.7	10.0	0.0	0.0	-74.0	0.0	1.8
	MTG TRUST AM	N-MT	3860	12.06	0.00	MAY 0.00 4.75	26.7	2.6	0.0	0.0	-60.6	0.0	18.3
	NATIONWID RE	O-NRELS	1047	24.05	0.12	MAR 0.12 6.75	3.8	10.1	56.3	1.8	-71.9	0.5	7.1
GROUP AVERAGE		2381	5.01	0.02	0.02	2.80	7.2	-0.6	160.2	0.5	-44.1	0.3	43.5
INTERMEDIATE-TERM MORTGAGES													
	FST NEWPORT	O-FNRS	2339	3.73	0.00	APR 3.30 1.50	70.5	50.0	0.5	0.0	-59.8	88.5	3.5
	BARNET-WINST	O-BWITS	1663	-0.35	0.00	MAR 0.00 0.31	-18.4	-18.4	0.0	0.0	NEG.	0.0	0.5
	DIVERSIFD MI	N-DMG	7327	5.51	0.00	MAR 0.00 0.94	0.0	-37.3	0.0	0.0	-82.9	0.0	6.9
	FST VIRGINIA	O-FVM	1208	1.18	0.00	MAR 0.00 0.75	-14.8	87.5	0.0	0.0	-36.4	0.0	0.9
	RLTY REFUND	A-RRF	1309	18.59	2.40	APR 2.40 20.00	-0.6	1.9	8.3	12.0	7.6	12.9	26.2
	SECURITY MT	A-SMO	6487	5.90	0.00	MAR 0.00 2.88	28.0	15.2	0.0	0.0	-51.2	0.0	18.7
GROUP AVERAGE		3389	5.76	0.40	0.95	4.40	3.6	3.8	4.6	9.1	-23.7	16.5	56.7
LONG-TERM MTG & EQUITIES													
	ATLANTA NATL	O-ATNAS	1260	9.94	0.00	MAY 0.00 4.13	22.2	175.3	0.0	0.0	-58.5	0.0	5.2
	BT MTG INVT	N-BTM	2116	-2.70	0.00	MAR 0.00 1.75	0.0	-30.0	0.0	0.0	NEG.	0.0	3.7
	CLEVELTRST RL	O-CTRIS	2525	10.71	0.00	MAR 0.00 3.13	-13.8	19.0	0.0	0.0	-70.8	0.0	7.9
	CON GEN M&R#	N-CGM	5715	19.18	1.60	MAR 1.72 20.38	4.5	5.9	11.8	7.9	6.3	9.0	116.5
	COUSINS M&EQ	N-CUZ	3854	0.88	0.00	MAY 0.00 1.25	0.0	-37.5	0.0	0.0	42.0	0.0	4.8
	EQUIT LF MTG	N-EQ	5597	23.71	2.20	APR 2.36 26.13 X	6.2	-0.9	11.1	8.4	10.2	10.0	146.2
	FIDELCO GROU	A-FGI	1580	10.60	0.00	MAY 0.00 1.63	0.0	-34.8	0.0	0.0	-84.6	0.0	2.6
	FST MEMPHIS	O-FMEMS	1156	4.13	0.00	FEB 0.00 2.00	0.0	22.7	0.0	0.0	-51.6	0.0	2.3
	GMR PROPERT	N-GMR	2210	4.17	0.00	MAY 0.00 2.13	-14.8	-5.3	0.0	0.0	-48.9	0.0	4.7
	HNC MTG&RLY	O-HNCMS	2388	4.10	0.00	APR 0.00 0.94	25.3	-6.0	0.0	0.0	-77.1	0.0	2.2
	HOSPITAL MTG	A-HMG	1178	22.78	0.60	MAY 0.44 ↑ 9.13 X	10.7	37.7	20.8	6.6	-59.9	1.9	10.8
	MASSMUT MTG	N-MML	4670	19.43	1.20	APR 1.20 14.13	6.6	0.0	11.8	8.5	-27.3	6.2	66.0
	MONY MTG INV	N-MYM	8856	9.92	0.92	MAY 0.78 11.25 X	4.4	-2.2	14.4	8.2	13.4	7.9	99.6
	MTG GROWTH I	A-MTG	2652	10.74	0.48	MAY 0.20 5.75 X	-0.2	4.5	28.8	8.3	-46.5	1.9	15.2
	NONSTRN FINC	O-NFINIS	1510	14.31	0.00	MAR 0.00 4.13	10.1	50.2	0.0	0.0	-71.1	0.0	6.2
	NONSTRN MUTL	N-NML	4758	19.03	1.00	JUN 0.88 ↑ 13.13 X	4.9	-1.9	14.9	7.6	-31.0	4.6	62.5
	PACIFIC STHN	O-PSMTS	800	11.92	0.60	MAR 0.44 6.75	0.0	19.9	15.3	8.9	-43.4	3.7	5.4
	PNB MTG& RL#	N-PNI	2437	18.55	0.48	MAR 0.68 9.13	10.7	-1.3	13.4	5.3	-50.8	3.7	22.2
	RAM PACIFIC	O-RPACS	1890	18.05	1.12	MAY 1.08 11.63 X	9.5	12.0	10.8	9.6	-35.6	6.0	22.0
	STATE MUTUAL	O-SMU	2786	-1.64	0.00	MAR 0.00 2.33	23.9	68.8	0.0	0.0	NEG.	0.0	6.5
	UNITED RLTY	A-URT	3610	17.58	0.76	MAY 0.76 9.25 X	6.3	8.8	12.2	8.2	-47.4	4.3	33.4
GROUP AVERAGE		3026	11.69	0.52	0.50	7.62	5.9	6.2	15.2	6.8	-34.8	4.3	645.9

CONVERTIBLE DEBENTURES

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our **RELATIVE APPEAL RANKINGS**. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeroes indicate losses or no earnings for the quarter indicated. Losses per share are shown in **RELATIVE APPEAL RANKINGS**. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "#" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "*". Cash flow derived from amortization of debt discount is denoted by "@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in **RELATIVE APPEAL RANKINGS**.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in **RELATIVE APPEAL RANKINGS**. Equity and combination groups include Equity trusts with over 80% of invested assets in direct ownership of completed income producing properties; Equity & Mortgage combination which balance investments between equity ownership and mortgages; and Subordinated Land trusts, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and long-term for those with loans maturing in over 10 years, and generally with some equity investments.

DEBENTURE	EX	MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG
AMER CENTURY	AS	'90	7.00	21.00	62.13	11.3	0.0
AMER CENTY'B	NY	'91	6.75	28.00	62.25	10.8	0.4
AMER REALTY	OC	'84	7.00	10.40	42.00	16.7	20.0
BAIRD&WARNER	OC	'91	6.75	21.00	65.00	10.4	1.6
BANKAMERICA	OC	'90	6.75	21.00	83.00	8.1	-1.1
BENEF STD MI	AS	'91	6.50	27.75	52.38	12.4	13.3
CAPITAL MTG	OC	'91	6.50	33.00	41.00	15.9	5.1
CHASE MANHTN	NY	'96	6.50	55.00	60.38	10.8	15.8
COLWELL MTG	OC	'91	6.50	29.38	24.00	27.1	20.0
CONN GENERAL	NY	'96	6.00	32.50	71.63	8.4	0.2
CONTINTL MTG	OC	'90	6.25	19.79	9.00	VJ	28.6
EQUITBL LF M	NY	'90	6.75	26.25	95.25	7.1	2.1
FIDELITY MI	OC	'85	7.75	21.25	8.00	VJ	0.0
FIRST PENN M	OC	'91	6.75	26.00	50.00	13.5	0.0
FIRST UNION	NY	'91	7.00	13.00	93.00	7.5	0.0
FRANKLIN RLY	AS	'89	7.00	10.00	75.13	9.3	2.7
FST NEUPORT	OC	'91	6.75	27.50	35.00	19.3	12.9
GRT AMER MI	OC	'91	7.00	35.50	7.00	VJ	0.0
HANOVER SQ R	AS	'92	7.25	21.00	70.00	10.4	0.0
HEITMAN MTG	AS	'92	7.50	14.70	65.00	11.5	7.9
HNC MTG	OC	'91	6.75	21.00	47.00	14.4	0.0
HOTEL INVSTR	OC	'90	7.75	21.00	78.50	9.9	3.3
HOTEL INVTRS	OC	'91	7.50	25.25	74.50	10.1	2.1
LINCOLN MTG	OC	'90	8.00	11.00	41.00	19.5	2.5
MASSMUTL MTG	NY	'90	6.75	21.00	82.00	8.2	0.0
MASSMUTUAL M	NY	'91	6.25	33.50	77.50	8.1	2.0
MIDLAND MTG	OC	'86	7.00	16.67	37.00	18.9	8.8
MONY MTG IN	NY	'90	7.00	11.00	97.00	7.2	0.8
MTG INV WASH	OC	'90	8.00	15.00	50.00	16.0	0.0
NATIONAL MTG	OC	'91	7.00	12.00	8.00	87.5	33.3
NJB PRIME	OC	'91	6.75	21.00	19.00	35.5	-17.3
NOWSTRN MUTL	NY	'91	6.00	21.00	80.38	7.5	7.2
RAM PACIFIC	OC	'91	6.75	21.00	74.00	9.1	-1.2
REALTY INCOM	AS	'91	8.00	18.00	83.63	9.6	0.8
REPUBLIC MI	NY	'90	9.00	19.00	80.63	11.2	0.0
SAUL (BF) RL	OC	'91	6.50	23.00	58.50	11.1	0.0
SAUL(BF) REI	OC	'90	8.00	15.50	73.00	11.0	7.4
STATE MUTUAL	OC	'91	6.75	21.00	43.00	15.7	0.0
SUTRO MIT	NY	'82	6.75	20.00	83.00	8.1	-1.1
SUTRO MTG	AS	'91	6.75	20.00	73.00	9.2	2.8
TRI-SOUTH MI	NY	'92	7.00	29.50	25.00	28.0	-24.1
US BANCORP	AS	'92	7.00	26.25	74.00	9.5	2.8
US REALTY IN	NY	'89	5.75	20.20	58.00	9.9	0.2

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.05	2.00	1052.5	-16.6	0.0
ATICO MTG IN	A-ACOW	12/79	563	15.00	1.0	0.31	2.13	618.8	-18.3	0.2
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.13	2.50	705.2	0.0	0.2
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.19	1.63	1138.7	-38.6	0.1
BRT RLTG TR	A-BRTW	11/77	1400	10.00	1.0	0.02	0.88	1038.6	-33.2	0.0
CAPITAL MTG	O-CMORW	11/79	471	20.00	1.0	0.03	0.81	2372.8	0.0	0.0
FIRST UNION	O-FUREW	12/77	600	12.75	1.0	0.25	12.38	5.0	0.0	0.2
FLATLEY RLTG	O-FLTLW	5/78	1000	10.00	1.0	0.06	2.75	265.8	0.0	0.1
JMB REALTY	O-JMBRW	8/77	510	20.00	1.0	0.38	14.50	40.6	0.0	0.2
M&T MTG INV	O-MTMIZ	8/80	747	13.00	1.0	0.31	10.25	29.9	24.0	0.2
MISSION INV	A-MITW	12/77	604	16.50	1.0	0.02	1.38	1097.1	0.0	0.0
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.19	2.63	477.6	0.0	0.2
NATIONWID RE	O-NRELW	1/81	652	32.00	1.0	0.05	6.75	374.8	-49.9	0.0
NORTH AM RE	A-NAMW	3/79	710	31.13	1.0	0.13	3.50	793.1	-31.5	0.1
NOWSTRN FINC	O-NFINW	1/78	1510	18.06	1.1	0.03	4.25	325.6	0.0	0.0
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.03	9.13	119.4	-49.9	0.0
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.13	1.75	1050.3	0.0	0.1
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.56	12.00	113.0	0.0	0.8
SECURITY MT*	A-SMOW	5/79	3117	16.00	1.0	0.16	2.63	514.4	0.0	0.5
SUTRO MIT(B)	A-SUTW	6/82	700	22.00	1.0	0.50	7.88	183.5	31.6	0.4
SUTRO MTG IN	O-SUTRS	4/78	299	22.00	1.0	0.05	7.88	179.8	-16.6	0.0
UNITED RLTG	A-URTW	12/79	3610	20.00	1.0	0.25	9.25	118.9	0.0	0.9

*DEBENTURES USABLE IN LIEU OF CASH

CITIZENS & SOUTHERN REALTY 300,000 warrants at 80% of market price 30 days prior to 10/15/77. Priced \$2.25 bid and share 44c bid. 6 3/4% debentures usable at par.

Block buying -- continued from page 2

icized management in a stormy session. Abbott is vice president of Western Pacific Capital Corp. and Pincus proprietor of Integrand, investment builder, both of San Francisco. Partners include Martin and Maurice Bucksbaum, major holders of General Growth Properties.

--More details on purchases of Atlanta National Real Estate by a group headed by Lee Balter and Reed Rubin, registered representatives for a New York City brokerage firm, show they own 117,000 shares directly, or 9.3% of outstanding, at an average cost of \$2.96/sh. The group also holds warrants that will convert automatically into 1,438 shares on Aug. 31.

Since markets for many trust shares are thin, outsiders run the risk of driving prices up as they assemble blocks. Once assembled, the blocks may be unmarketable except at big discounts. This is especially true for OTC issues. And illiquidity is one reason mutual funds shy from these smaller trusts. For the individual investor, buying behind already known blocks can expose you to the risk the block may be offered for sale and depress the price.

Insider buying continues, although not in the large amounts reported June 24. Market purchases include: 6,400 sh. of Hanover Square Realty by Brent D. Baird, a trustee, raising holdings to 19,900 sh., or 2.1%; 2,400 sh. of Mission Inv. Trust by Bryon B. Webb Jr., a trustee, raising holdings to 19,900 sh., or 2.1%; and 2,400 sh. of U.S. Bancorp Mtg. & Realty by G. E. Cannon, treasurer, raising holdings to 2,800 sh.

THE CHASE TRUST EXCHANGE ATTRACTIVE STATISTICALLY BUT NO REAL PLAY ON THE COMMON

Chase Manhattan Mtg. & Realty Trust's offer to exchange up to \$52.6 million face amount of a new 20-year convertible for any and all of its outstanding three issues of subordinated debt is now underway with an initial Aug. 5 expiration date.

The offer has been awaited since early this year and the final terms are just about what we'd expected: an 11-5/8% interest rate and \$2.25 per share conversion price. The trust is offering to exchange each \$1,000 face amount of three issues of old debentures into the new debentures at principal amounts approximating market value when the offer was announced, as follows:

- Old 7½% debentures due 1983 -- \$650 principal amount of new 11-5 8% converts;
- Old 6-3/4% and 6½% converts -- \$550 principal amount of new 11-5/8% converts.

Since each old issue has slightly different characteristics, it's best to examine each one individually:

--The \$60 million of old 7½s currently have a high 16.7% yield to maturity and holders accepting the exchange would give up this potentially high yield. Their annual interest payment would rise slightly, from \$75 to \$75.56. Most importantly, they would be accepting a conversion feature for a straight bond, something many bond investors may find unacceptable. At the \$2.25 conversion price however, any move in the underlying shares over \$3.46 would bring conversion parity of the new debenture back to the \$1,000 original face amount. This is attractive statistically but may be less attractive realistically, as discussed below.

--The old 6-3/4s are a very small issue, only \$780,000 outstanding, and the current \$26¼ conversion price is totally under water and may never again be realistic. Holders would find their annual interest check cut from \$67.50 to \$63.94. The new debenture would also provide a statistically attractive play on the common so that if shares traded at \$4.09 or above, conversion parity of the new debentures would equal principal of the old converts. Extending maturity from 1990 to 1997 doesn't appear material given the trust's parlous financial health.

--The \$23.9 million of old 6½s have a \$55 conversion price that is meaningless.

Annual interest would fall slightly from \$65 to \$63.94 but the statistical play on the common would become meaningful. The new debenture would provide only a one-year extension of the current 1996 maturity.

Taken all together, we see the exchange offer as quite attractive for holders of both the 6-3/4% and 6 1/2% convertibles. For holders of the 7 1/2s, the offer is slightly less attractive but far superior to the likely alternative, a bankruptcy filing. However, investors who retain the old 7 1/2s may get the best of all possible worlds--i.e., high yield to maturity without the conversion risk--if enough other holders accept the exchange to give the trust a viable future.

The real question then is whether the trust has enough of a future to make the attractive statistical play on the common shares a realistic play. And the answer rests upon two other questions:

Capitalization: If the exchange offer succeeds, can the trust then pay interest on all its debt and repay the \$36.7 million of 7-7/8% senior notes falling due May 1, 1978. The answer seems to be a qualified yes; the tentative bank agreement carefully lets the trust use 80% of proceeds of any asset sales for general purposes, including debt repayment by implication, until May 31, 1978--30 days after maturity.

Operations: The trust now winds up with about \$419 million invested assets which are 95.6% nonearning. The \$143.1 million loss reserve equals 34% of investments, one of the industry's highest ratios but probably just adequate. The trust now moves from a mortgage lender to an owner and manager of real estate, and as such gave up REIT status as of June 1, 1977. The trust's future rests squarely upon its retained properties and ability to sell and/or restore profitability within the loss reserve provision. Eight key properties are detailed in the offering circular; five are urban office and shopping center properties and the trust has set aside \$14.5 million reserves, or 14% of its \$104.9 million funded investment. They should work out.

The other three are real toughies: Sandestin, a 940-acre residential resort community in Florida's panhandle; Riverbend, 182-acre condominium project 25 miles north of Palm Beach, Fla.; and Palmas del Mar, 2,750-acre destination resort about 45 miles southeast of San Juan, Puerto Rico. CMR has poured \$92.4 million into Palmas and now is acquiring the project directly. Condominium and land sales have been sluggish at best and inadequate to service debt. Chase has set aside \$54 million reserves for Palmas, giving it a \$38.4 million net value. The trust has reached agreement in principle with Bairo Investment Inc., a Panamanian company whose principals aren't disclosed, to sell the project under a series of options extending over 10 years for about \$50 million total. Bairo would assume certain carrying costs if a formal contract is signed but wouldn't cover all the trust's funding requirements. This specific deal may be just smoke but it probably ballparks the terms on which Chase Trust could sell this property.

Are the shares a realistic play then? Adding it all up, we think they remain very chancy. They sold down to a new 1977 low of 2 this week and that tells the story. The reason: the exchange offer will potentially dilute present shareholders down to about 17% of the possible 28.3 million shares that would be outstanding if all debt holders accept the exchange and convert. And if holders don't accept, the trust has agreed to issue warrants to banks for the remaining shares, so that one way or another convertibles and/or warrants for an additional 23.4 million shares will be issued atop the 4.9 million current share base. If one assumes 50% of holders will accept the new debentures, and then all the new debentures and warrant holders convert and/or exercise, and then if the trust sustains no new operating losses, book value would be \$2.48/sh. That's the very best we can see, and almost-certain operating losses will cut this back. CMR's road back thus looms very long and very rocky. And that's why we view the whole deal as a statistical play that is not very attractive realistically.